

35548
ADOPTED – BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
JUNE 5, 2025

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
COUNTY OF COOK AND STATE OF ILLINOIS

ACTUARIAL SERVICES
MILLIMAN, INC.
OFFICE OF HUMAN RESOURCES & STAFF DEVELOPMENT
DISTRICT WIDE
(Final Renewal of Board Report #34136)

THE CHANCELLOR RECOMMENDS:

That the Board of Trustees authorizes the Chair, upon final approval of the General Counsel of the legal form of such agreements, to exercise the option to renew the agreement with Milliman, Inc., to provide actuarial services and additional services for a cost benefit analysis for purchasing stop loss healthcare insurance to provide a possible competitive stop loss premium rate and the least amount of liability, for a period beginning June 5, 2025 through June 4, 2026, at a not to exceed amount of \$18,300.

VENDOR: Milliman, Inc.
200 Great Pond Drive, Suite 110
Windsor, CT 06095

USERS: Office of HR & Staff Development - District Wide

ORIGINAL TERMS: Office of Human Resources & Staff Development – In accordance with board report 34076, amended under board report 34136, the term of the agreement commenced no sooner than October 2, 2020, and will continue through June 3, 2024, with two (2) options to renew for one (1) year each.

FIRST RENEWAL TERMS: In accordance with Board Report 35098, the first renewal term commenced June 4, 2024, and ended June 3, 2025, with one (1) option to renew for one (1) year.

FINAL RENEWAL TERMS: The final renewal term shall commence no sooner than June 5, 2025, and will continue through June 4, 2026.

SCOPE OF SERVICES:

Milliman, Inc. reviews organizational employee benefit plans and pharmaceutical data of retirees to determine the value of a subsidy issued by the federal government for retirees. Milliman, Inc. will provide actuarial analysis based on various assumptions and data submitted related to the District's Retirement Drug Subsidy (RDS) Plan as part of the federal government's mandatory actuarial attestation process.

For the amendment, Human Resources & Staff Development plans to evaluate the need for stop loss healthcare insurance. Stop-loss insurance (also known as excess insurance) is a product that acts as a safety net for self-insured employers by limiting their financial exposure to high medical claims. It works by setting a threshold (either individual or aggregate) where the insurer reimburses the employer for claims exceeding that limit. It helps protect

employers from catastrophic losses due to unexpectedly high medical expenses.

Milliman, Inc. will conduct a large claim reinsurance analysis for stop loss insurance evaluation, using their Milliman Reinsurance Cost Guidelines™. The analysis will take actual claims and enrollment experience as well as any needed adjustment factors (i.e., trend, demographics changes, plan design changes), will derive a projected claim cost amount on a per capita basis (i.e., per member per month or per employee per month). Using the derived projected claim cost amount, we will calibrate our stop loss model based on Milliman's Reinsurance Cost Guidelines™. With this stop loss model, we will assess our expectations of stop loss reimbursements and stop loss premiums. To assess the stop loss coverage, we will perform a Monte Carlo simulation using our Milliman Reinsurance Cost Guidelines™ to simulate 10,000 plan years for each member of the plan. In doing so, we will assess the number of times a participant exceeds the respective deductible levels and total this excess amount.

The analysis is going to show expectations for the number of high claimants as well as probabilities of exceeding various potential individual and aggregate stop-loss deductibles.

BENEFIT TO CITY COLLEGES OF CHICAGO:

Milliman, Inc. will provide actuarial analysis based on various assumptions related to the District's Early Retirement Medical and Life Insurance plans and the Healthcare IBNP plans. Milliman will analyze and attest to the District's Retirement Drug Subsidy (RDS) Plan. The RDS process is completed online through the federal government and earns City Colleges a subsidy of approximately \$200,000 annually. Milliman will conduct the Stop Loss Reinsurance analysis. The overall goal will be to provide the best coverage at the best competitive stop loss premium rate possible, with the least amount of liability necessary. Providing an informed decision whether to move forward with the stop loss insurance premium or not, if so, at what level.

VENDOR SELECTION CRITERIA:

Milliman, Inc. was selected based upon the high degree of professional skill necessary for these services and is therefore, pursuant to State law, exempt from the District's competitive bidding requirements.

MBE/WBE COMPLIANCE:

The Office of Procurement Services has reviewed the proposed compliance plan and recommends a full waiver of the Board Approved MBE/WBE Contract Participation Plan due to the nature of the agreement (actuarial services).

GENERAL CONDITIONS:

Inspector General – It shall be the duty of each party to the agreement to cooperate with the Inspector General for City Colleges of Chicago in any investigation conducted pursuant to the Inspector General's authority under Article 2, Section 2.7.4(b) of the Board Bylaws.

Ethics – It shall be the duty of each party to the agreement to comply with the applicable provisions of the Board's Ethics Policy adopted January 7, 1993, and as amended by the Board.

Contingent Liability – Pursuant to Section 7-14 of the Illinois Public Community College Act, all agreements authorized herein shall contain a clause that any expenditure beyond the current fiscal year is subject to appropriation in the subsequent fiscal year.

FINANCIAL

Total: \$18,300

Charge to: The Office of Human Resources and Staff Development

Source of Funds: Educational Fund

FY26: 530000-00003-0025006-80000

**Respectfully submitted,
Juan Salgado,
Chancellor**

June 5, 2025 – The Office of Human Resources & Staff Development